

TOWN OF HASKELL, OKLAHOMA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Reconciliation of Statement of Financial Position	5
Statement of Revenue and Expenditures and Changes in Net Assets	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Net Assets to the Statement of Activities	7
Notes to Financial Statements	8-10
Additional Information:	
Statement of Activities – Budget and Actual	11
Report on Internal Control and Compliance	12-13

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Haskell, Oklahoma

We have audited the financial statements of the general fund of Town of Haskell, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which comprise the basic financial statements of the Town's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Town of Haskell, Oklahoma, as of June 30, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Town of Haskell, Oklahoma, has issued separate reporting entity financial statements, for which we have issued our report dated August 10, 2013.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's budgetary comparison information on page 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Information

The Town of Haskell, Oklahoma, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2013, on our consideration of the Town of Haskell, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Haskell, Oklahoma's internal control over financial reporting and compliance.

Certified Public Accountant
Tulsa, Oklahoma

August 16, 2013

TOWN OF HASKELL, OKLAHOMA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS:

Cash	\$ 445,742
Certificates of Deposit	338,744
Receivables:	
Taxes	53,632
Due from Public Works Fund	--
Fixed Assets:	
Land	91,114
Property and Equipment	1,860,817
	<u>1,951,931</u>
Less: Accumulated Depreciation	< 712,486 >
	<u>1,239,445</u>
	<u><u>\$2,077,563</u></u>

LIABILITIES AND NET ASSETS:

Claims Payable	\$ 55,003
Accrued Vacations	9,305
	<u>64,308</u>

NET ASSETS:

Invested in Fixed Assets	\$1,239,445
Restricted for Capital Improvements – Cemetery	63,032
Unrestricted	710,778
Total Net Assets	<u>\$2,013,255</u>
	<u><u>\$2,077,563</u></u>

Notes to financial statements are an integral part of these statements.

TOWN OF HASKELL, OKLAHOMA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENT ACTIVITIES
Governmental Activities:				
General Government:				
Administration	\$267,225	\$ 2,095		< \$ 265,130 >
Public Safety:				
Police	383,763	69,343		< 314,420 >
Fire	57,442	32,462	4,484	< 20,496 >
Public Service:				
Streets	191,768			< 191,768 >
Park	42,736			< 42,736 >
Library	17,742			< 17,742 >
Cemetery	25,550	30,545		4,995
Total Government Activities	<u>\$986,226</u>	<u>\$134,445</u>	<u>\$4,484</u>	<u>\$ 847,297</u>
General Revenues:				
Taxes:				
Sales				\$ 655,514
Franchise				43,741
Other				33,581
Interest				1,375
Miscellaneous				16,148
Stormwater				30,548
Total General Revenues				<u>\$ 780,907</u>
Net Change in Net Assets				< 66,390 >
Net Assets – Beginning				<u>\$2,079,645</u>
Net Assets – Ending				<u><u>\$2,013,255</u></u>

Notes to financial statements are an integral part of these statements.

TOWN OF HASKELL, OKLAHOMA
 RECONCILIATION OF STATEMENT OF FINANCIAL POSITION
 WITH THE STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2013

Total fund balance	\$ 783,116
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Amounts reported in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$1,951,931	
Accumulated depreciation	< 712,486>	1,239,445

Compensated absences are not due and payable in the current period and are not reported in the funds.

< 9,306>

Total net assets	<u><u>\$2,013,255</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF HASKELL, OKLAHOMA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2013

REVENUE:

Sales/Use Tax	\$655,514
Franchise Tax	43,741
Gasoline Tax	3,707
Motor Vehicle Tax	13,513
Cigarette Tax	8,214
Cemetery Sales	30,545
Alcoholic Beverage Tax	8,147
Grants	4,484
Licenses and Permits	2,095
Fire Service	32,462
Fines and Forfeitures	69,343
Stormwater	30,548
Other	16,148
Interest	1,375

Total Revenue	<u>919,836</u>
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EXPENDITURES:

General Government	152,003
Police	348,463
Town Clerk and Treasurer	43,743
Grants	--
Administration	31,072
Library	17,742
Civil Defense	22,187
Parks and Recreation	36,895
Streets	173,826
Fire	47,133
Cemetery	21,982
Court	21,116
Emergency Management	1,567

Total Expenditures	<u>\$917,729</u>
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Excess (Deficiency) of Revenue Over Expenditures	2,107
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Net Assets – Beginning	<u>\$781,009</u>
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Net Assets – Ending	<u><u>\$783,116</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF HASKELL, OKLAHOMA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN NET ASSETS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013

Net changes in fund balances – total governmental funds	\$ 2,107
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Amounts reported for governmental activities in the statement of activities are different because:

Compensated absences are reported as the amount earned in the statement of activities but as paid in the governmental funds.	2,758
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the statement of activities.

This is the amount by which capital outlay exceeds depreciation in the period.

Capital outlay	--	
Depreciation expense	71,255	< 71,255>
Change in net assets		< \$66,390>

The accompanying notes are an integral part of this financial statement.

TOWN OF HASKELL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

-1-

1. Reporting Entity

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by generally accepted accounting principles as applied to government units. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the section governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Excluded from the Reporting Entity:

Haskell Public Works Authority

The Authority was created for the purpose of financing installation of water and service lines and providing utility services to the residents of the Town of Haskell. The Authority has issued notes which do not constitute debt of the Town. Trustees for the Authority are members of the Town Board of Trustees.

2. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report.

TOWN OF HASKELL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

-2-

2. Fund Accounting - Continued

Governmental Funds

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

3. General Fixed Assets – This account group is used to account for land, buildings, improvements and equipment purchased by governmental funds. The historical cost of the Town's infrastructure, i.e., road, bridges, and gutters, streets and sidewalks, drainage systems, are reported in the Accounting Group. Depreciation expense is charged for assets in the Account Group. Buildings are written off over sixty years and other items between five to fifty years. Depreciation expense this year was \$71,255.

4. Basis of Accounting

The funds of the Town are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are generally recognized when the related fund liability is incurred.

5. Annual Budget

The budget for the governmental fund is prepared on the cash basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be paid. The budget and actual financial statements are reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

6. Cash

For the purposes of the combined balance sheet, cash includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. All deposits are F.D.I.C. insured.

TOWN OF HASKELL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

-3-

7. Claims Payable

Claims payable represent commitments related to performed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

8. Pension Plan

Oklahoma Police and Firefighter's Pension and Retirement Systems

Town of Haskell participates in two statewide, cost-sharing multiple-employer defined benefit plans on behalf of police officers and firefighters. The systems are administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations as necessary. The Town paid 100% of its share, \$19,582, and has no future liability.

Oklahoma Municipal Retirement Fund

The Town allows employees to participate in Oklahoma Municipal Retirement Fund, a defined contributions plan. The plan is funded by contributions from participants and employees. The Town paid \$9,010 and has no future liability.

9. Estimates

The preparation of financial statements in conformity with the modified accrual basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

TOWN OF HASKELL, OKLAHOMA
STATEMENT OF ACTIVITIES – BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2013

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE <UNFAVORABLE>
INCOME:			
Sales and Use Tax	\$ 745,000	\$655,514	<\$ 89,486>
Franchise Tax	47,000	43,741	< 3,259>
License and Gas Tax	21,000	17,220	< 3,780>
Other Taxes	22,000	18,456	< 3,544>
Fines	102,000	69,343	< 32,657>
Grants	50,000	4,484	< 45,516>
Fire	24,000	32,462	8,462
Cemetery	42,000	30,545	< 11,455>
Interest and Miscellaneous	54,000	48,071	< 5,929>
	<u>\$1,107,000</u>	<u>\$919,836</u>	<u><\$187,164></u>
EXPENSES:			
Personnel Services	\$ 482,300	\$427,478	\$ 54,822
Maintenance and Operations	538,700	480,626	58,074
Capital Outlay	86,000	9,625	76,375
	<u>\$1,107,000</u>	<u>\$917,729</u>	<u>\$189,271</u>

Notes to financial statements are an integral part of these statements.

JIM RUSH
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Town of Haskell, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Haskell's General Fund as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated August 16, 2013. The Town of Haskell, Oklahoma, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Town of Haskell, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Haskell, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Haskell, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Haskell, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This Report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 16, 2013

Certified Public Accountant
Tulsa, Oklahoma